

Local Business Development

Nearly 59 billion FCFA (\$90 million) was spent by the Project buying goods and services from Chadian and Cameroonian suppliers during the fourth quarter of 2002.

**Two Years Later,
How Are They
Doing?**



The first edition of this report, the Annual Report for 2000, told the stories of two Ngaoundéré, Cameroon, businesses. A vegetable co-op and a veterinarian had been recruited by the catering manager for the Project road contractor. The veterinarian, Dr. Mohamadou Basirou, was constructing a meat packing facility to supply the Project. The Project facilitated the establishment of this business by supplying a refrigeration unit as credit against future purchases. The vegetable co-op had funded a village school using proceeds from selling fruits and vegetables to the Project thanks to the contractor's donation of seeds, technical advice, and by making advance purchasing commitments. Now, two years later, a return visit asks how these two businesses are doing.

Dr. Basirou reports that he did complete construction of his meat packing facility and that he continues to sell beef to the Project, even though the road contractor has finished work and demobilized. He says he now sells meat to the pipeline construction contractor and to the contractor building the pump station at Dompta. Looking ahead, what will he do when all the Project's construction work has finished? Dr. Basirou says he plans to expand to more profitable fish and chicken, which he will buy locally. He will then freeze the processed food and sell it locally. He hopes plans will go through to put a refrigerated car on the daily train and that will open up markets for him in Yaoundé and Douala.



Ahadji Ybrahim Malam, chief of the fruit and vegetable cooperative, stands with his son in the co-op's shop in Ngaouderé. He says they were sad to see the road construction contractor end its work in the area but the experience of working with the contractor left a legacy of expertise that helps them achieve profitable sales to the public. The co-op members gained increased efficiency, learned packing methods to preserve food, and acquired techniques that increased crop yields. Also, thanks to the seeds they received from the contractor in the early days, they can offer unusual produce for their area that commands a good price. Perhaps most important, he says, they have kept their village school going for two years now, and it is a great success.



Chad Local Businesses



Issa Doubgous, the General Director of Diagnose Auto in N'Djaména, Chad (right), says he has funded a major expansion of his auto repair and rental business by gaining a contract with the Project. In addition to car repairs, his business also rents cars, makes license plates, and helps make arrangements for business and tourist travelers. The shop was created in 1982 and has grown to 32 employees and a rental fleet of 60 vehicles.



The company Climat Tchad installs and repairs air conditioners for the Project, working in N'Djaména and in the oilfield area. Assistant Manager Dimanche Ongtoin (left picture, white shirt) reports that the company has grown from five to 18 employees since beginning work with the Project. He says the extra business made it possible for him to buy a stock of air conditioners to keep in the warehouse, improving his chances for making sales. His firm also purchased power tools and other machines that make their work more efficient and profitable.



Manager Abdelkader Badaoui operates Alif, a furniture and decorating company in N'Djaména. Since founding the business six years ago, he says they have grown from their initial beginnings making traffic signs and billboards. They now make furniture in wood and wrought iron, and they sell kitchen furniture and housing renovation services to the Project. They have been able to purchase two trucks to make deliveries.

Cameroon Local Businesses



El Helou Gassan has operated the only commercial bakery in Ngaoundéré for 13 years, and has been doing business in the country for the last 30 years. At peak times he sold 3,400 loaves of bread per day to Project contractors and even at low points he sells 400 per day. He says he has known all along that the intensive business associated with the Project's construction phase will end, so he used the increased business to fund the purchase of some new bakery machinery. He also now has enough money to open a new retail shop at the train station. His business currently employs 45 people.



Entrepreneur Jacques Fopit operates a five hectare farm with eight employees in the Gbengboy area, near Pump Station 2. Fopit says he began his business by selling vegetables to Project contractors. Now, however, he has converted to what he calls the “civilian” economy, selling to weekly markets in the villages around the pump station area.



The construction contractor for the pump stations in Cameroon has created a village-based business initiative for residents in the Dompta area. Rocks were needed to line the drainage ditches at the Pump Station 2 facility. The contractor’s socioeconomic coordinator recruited residents of local villages, in this case the village of Djackone, to gather the needed rocks. Over 250 truckloads of rocks have been purchased, with the proceeds being shared within each village. Village residents also picked up jobs setting the stones in the ditches because they had gained masonry skills from their work when the Project’s road construction contractor was active in the area.

Annual Summary: Local Business Development

Since construction started, the Project has purchased over 345 billion FCFA (\$531 million) in goods and services from Chadian and Cameroonian businesses. However, as anticipated in the Environmental Assessment, Project construction has entered its final phases and the rate of spending with local businesses has started to decline. Total expenditures in the fourth quarter were down by about 10% compared to the previous quarter.

- In Chad, Project spending with local businesses dropped by 17% this quarter to 27.2 billion FCFA (\$42 million).
- In Cameroon, Project spending with local businesses dropped by 3% this quarter to 31.6 billion FCFA (\$48 million).

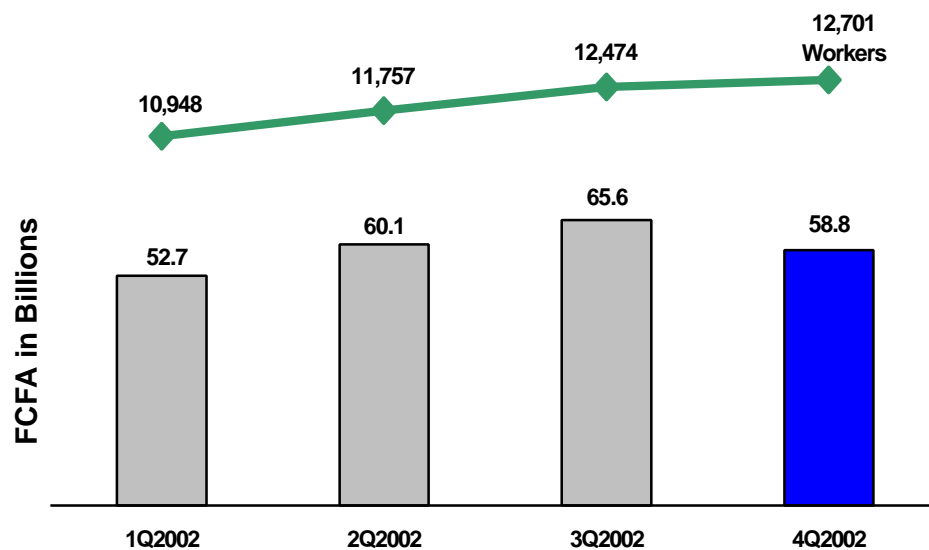
Project Spending with Local Businesses

	1st Qtr 2002	2nd Qtr 2002	3rd Qtr 2002	4th Qtr 2002	% Change Qtrs 3 to 4	Project to Date
Chad	24.6 billion FCFA (\$37.8 million)	27.5 billion FCFA (\$42.3 million)	33.0 billion FCFA (\$50.6 million)	27.2 billion FCFA (\$41.8 million)	-17%	150.8 billion FCFA (\$231.8 million)
Cameroon	28.1 billion FCFA (\$43.2 million)	32.6 billion FCFA (\$50.2 million)	32.6 billion FCFA (\$50.2 million)	31.6 billion FCFA (\$48.6 million)	-3%	194.7 billion FCFA (\$299.6 million)
Project Total	52.7 billion FCFA (\$81.0 million)	60.1 billion FCFA (\$92.6 million)	65.6 billion FCFA (\$100.8 million)	58.8 billion FCFA (\$90.4 million)	-10%	345.5 billion FCFA (\$531.4 million)

This table was prepared using the latest available data. Data for previous quarters has been updated to include late reported data.

Project Activity Drives Project Spending in Local Economy

Total Project Spending with Local Businesses Compared to Project Activity (Indicated by Total Project Workers on the Job)



Project Expenditures Drive Chad Economic Growth

The pace of economic growth in Chad (as measured by Gross Domestic Product) has been driven sharply upward since Project construction began in late 2000 - from only 1% to almost 11% annually. As shown here, the rise in the Gross Domestic Product tracks closely with the Project's purchasing of goods and services from Chadian businesses. Project payment of worker wages - a total of 28.1 billion FCFA (\$43.2 million) in Chad in 2002 - has also had a positive impact on the economy of the country.

◀ **Chad Annual GDP Growth (%) vs. Project Spending (in millions of US dollars)**

